

Fact sheet:

STATE TIMBER & VALUE-ADDED PROCESSING

Division of Forestry · October 1998

What is value-added wood processing? Manufacturing can turn timber into lumber, furniture, paneling, flooring, cabinets, musical instruments, veneer, plywood, house logs and a host of other wood products. Because these products are worth more than raw timber, such manufacturing is called “value-added processing”.

Why is value-added processing important to Alaska? When Alaskan timber is exported as logs, the only jobs produced are logging and transportation jobs. If timber is processed into other goods, the same wood can also support manufacturing and sales jobs. If our timber is processed locally, more Alaskans can be employed for each acre harvested. Our goal is to have as much state timber processed in-state as possible.

How much state timber is currently processed in-state? Most timber from state land is processed in-state. Since 1998, nearly all timber sales have been purchased for local operations. The exception has been salvage timber in areas hit hard by spruce bark beetles -- particularly Haines and Kenai. Salvage timber in these areas was either exported in the round or chipped.

From FY 97 through 99 more than 30 small to mid-size Alaskan processors bought timber directly from the state each year. Additional processors purchased wood from other businesses that bought state timber.

How can I get state timber for local processing? The Division offers sales under four programs, and wood for local processing can come from any of the programs.

- ◆ Competitive sales offered by sealed bid or oral auction (AS 38.05.120),
- ◆ Negotiated sales of up to 500 MBF for one year (AS 38.05.115),
- ◆ Negotiated sales in areas with high unemployment, under-utilized mill capacity, and under-utilized allowable cut (AS 38.05.118).
- ◆ Negotiated sales of up to 10 MMBF per year for up to 10 years specifically for value-added processing.

From FY 97 through 99, the DNR Division of Forestry offered an average of 75 sales each year averaging 42 million board feet (MMBF) of timber annually. For more information on sales in your area, contact the Division of Forestry Area Office nearest you.

How does the new value-added timber sale law work? In 1996, AS 38.05.123, Negotiated Timber Sales for Local Manufacture of Wood Products, was enacted. This law is intended to increase the Alaskan jobs from state timber, and provide a more secure supply of timber to in-state wood processors. Decisions on sale requests under this law are based on

- ◆ economic benefits to the state,
- ◆ likelihood of commercial success,
- ◆ protection of fish and wildlife habitat and populations
- ◆ continuation of other uses of the area,
- ◆ stumpage return, and
- ◆ other benefits to the state and local economies.

Where there is competitive interest in state timber, sales under this law may be offered through a Request for Proposals to determine the best proposal. Regulations to implement the value-added

law became effective June 21, 1998. The regulations

- ◆ Set the number of AS 38.05.123 value-added sales that can be offered in each region annually;
- ◆ Add shakes to the list of products that qualify as high value-added products;
- ◆ Establish the procedures for setting a base price for timber sold under this law; and
- ◆ Require that processing facilities be operational before timber sold under the value-added law can be harvested.

The Division will also establish criteria for evaluating sale proposals based on the requirements in the law.

Is the state offering sales under the value-added law? Yes. Two sales have been offered under this law in the Ketchikan Area and work is underway on additional sales on Prince of Wales Island and near Tok. These projects are supported by capital project (CIP) funds. The Division will work with other requesters to determine wood needs, potential supply, and additional information needed.

FOR MORE INFORMATION on timber sale Schedules and plans, contact the Division of Forestry Area Office in your area.

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Tok, AK 99780
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Delta Area Office

P.O. Box 1149
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Valdez/Copper River Area Office

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Kenai-Kodiak Area Office

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